

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Federal-State Joint Board On Universal)	
Service—Review of Lifeline and Link-Up)	CC Docket No. 96-45
For All Low-Income Consumers)	

REPLY COMMENTS

BellSouth Corporation, on behalf of itself and its wholly owned subsidiaries, (“BellSouth”) hereby submits its Reply Comments in the above referenced proceeding.

1. In this proceeding, the Joint Board is reviewing the effectiveness of the Lifeline and Link-Up programs that are available to low-income consumers. BellSouth supports the Joint Board’s efforts. The continuous changes in the economy, the telecommunications industry and governmental institutions warrant the re-evaluation of these low-income programs and an assessment of the ways in which the effectiveness of these programs can be improved.

2. Like BellSouth, numerous commenters suggest that an income-based eligibility criterion be added as a means of qualifying for the Lifeline and Link-Up programs.¹ The commenters recognize that, currently, the eligibility for Lifeline and Link-Up are, for the most part, tied to participation in means-based social-welfare programs, such as Medicaid, food stamps, SSI, public housing assistance, or TANF and that participation in low-income programs

¹ See e.g., Gila River Telecommunications, Inc. at 6-7; NASUCA at 15-18; Ohio Commission at 3; Tennessee Regulatory Authority at 3.

has been declining.² From the time that the Commission adopted its first order implementing the universal service provisions of the Telecommunications Act of 1996, it recognized that changes in circumstances could warrant modification of the criteria that are used to determine Lifeline and Link-Up eligibility.³ As the comments show, the impact of welfare reform is a changed circumstance that should be addressed, and adding an income eligibility criterion to the federal default eligibility standard for Lifeline and Link-Up is a reasonable response.

3. Each state should be responsible for determining an appropriate income standard based on economic variables unique to that state's cost of living, per capita income and demographics. In this way, states can tailor the eligibility criterion that would result in the inclusion of low-income individuals as eligible for Lifeline and Link-Up services even though such individuals do not otherwise participate in state or federally sponsored social-welfare programs.⁴

4. While BellSouth believes that adding an income-based eligibility requirement can expand participation in the Lifeline and Link-Up programs, such expansion would, by definition, increase the size of the universal service fund. Several commenters express concern over such a potential impact.⁵ Certainly, the size of the universal service fund is a proper concern of the

² For example, Florida Legal Services at 2 noted:

The Department of Health and Human Services reports that since welfare reform began, TANF recipients fell by eight million, from 13.9 million in January 1995 to 5.8 million in September 2001; and that average monthly food stamp recipients fell by nine million, from 26.6 million in 1995 to 17.3 million in 2001.

³ See *In the Matter of the Federal-State Joint Board On Universal Service*, 12 FCC Rcd 8776 (May 8, 1997).

⁴ Customer qualification under the income-based standard should be administered by state governmental agencies. In this way, privacy issues can be properly addressed.

⁵ See *e.g.*, SBC at 2; Sprint at 2; WorldCom at 2.

Commission and, accordingly, the Commission should continue to evaluate the impact that changes in the universal service funding mechanisms may have.

5. Several commenters suggest that an automatic enrollment mechanism be implemented for eligible subscribers.⁶ As BellSouth noted in its comments, automatic enrollment raises a variety of privacy related issues and the Privacy Act restrictions limit the type of information that can be exchanged, thereby making automatic enrollment programs problematic.⁷ Further, as some commenters have pointed out, there is no direct evidence that automatic enrollment actually affects participation in Lifeline or Link-Up.⁸

6. While the link to increased participation and automatic enrollment is sketchy at best, it is clear that there are significant and complex administrative considerations that render the efficacy of automatic enrollment highly questionable. With numerous carriers providing Lifeline and Link-Up (either as ETCs or through resale), the data needed to administer an automatic enrollment program would have to be sorted and allocated by carrier. In addition, because of both privacy and competitive concerns, coordinating this data would have to be done by a third party. In its comments, BellSouth identified a fundamental pitfall with automatic enrollment:

In a multi-carrier, competitive and changing environment, accurately associating the database records and the appropriate local carrier would be a thorny exercise. The complexity of the process aside, the cost of such a process would intuitively be considerable. It begs the question of who would be responsible for bearing the cost of the process and whether such cost could be justified by tangible benefits.⁹

⁶ See e.g., Civil Rights Forum at 3-4; DHS at 6; FPSC at 5; IUR 7; NASUCA at 19-22; Ohio Commission at 5-7; NCLC at 10; USCCB at 15-17; Texas PUC at 7.

⁷ BellSouth at 2-3.

⁸ SBC at 4; Verizon at 2.

⁹ *Id.* at 3.

For these reasons, an automatic enrollment process is not cost effective and should not be mandated.

7. Verification continues to be an important consideration in the Lifeline and Link-Up programs. The Commission got it right when it determined that the states should have the discretion in establishing verification procedures. The Commission recognized that the states, because they were providing matching intrastate support, had strong incentives to control fraud and prevent abuse of the system and that a structured set of federal requirements for verification were not necessary.

8. The comments indicate agreement that outreach programs are an important element in increasing participation in the Lifeline and Link-Up programs. The comments evidence that the most successful outreach programs are those based on a cooperative effort on the part of state, federal and regulatory agencies and eligible telecommunications carriers. The success of these programs, in large measure, reflects not only the cooperation but also the recognition that individual states have differing circumstances that require individualized processes. A process that works well in a state with high concentrations of urban residents may not work well in states with large rural populations. As it proceeds, the Joint Board should remain mindful of the variances that exist and assure that they continue to be accommodated.

9. BellSouth supports a multi-dimensional approach to ensure maximum participation in the universal service low-income programs. Emphasis should be placed on information dissemination by the agencies that routinely have contact with the target population, with “top

down” support to ensure that low-income consumers have the opportunity to receive the benefits of Lifeline and Link-Up.¹⁰

10. The Joint Board should continue to emphasize state and carrier cooperation as a cornerstone of the Lifeline and Link-Up programs. Such cooperation continues to be the most effective means of ensuring the success of these low-income programs.

Respectfully Submitted,

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¹⁰ Private organizations, such as AARP, La Raza or United Way, also can provide an effective means of providing information on low-income programs to qualified consumers.

CERTIFICATE OF SERVICE

I do hereby certify that I have this 28th day of March 2002 served the following parties to this action with a copy of the foregoing **REPLY COMMENTS** by electronic filing and/or by placing a copy of the same in the United States Mail, addressed to the parties listed on the attached service list.

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